

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

|  |                         |   |                  |
|--|-------------------------|---|------------------|
| Local Unit of Government Type<br><input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other |                         | Local Unit Name<br>Platte Township              | County<br>Benzie |
| Fiscal Year End<br>3/31/06   | Opinion Date<br>7/13/06 | Date Audit Report Submitted to State<br>10/9/06 |                  |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


SE 2

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

|  |                                      |  |             |
|--|--------------------------------------|--|-------------|
| <b>We have enclosed the following:</b>   | Enclosed                             | Not Required (enter a brief justification) |             |
| Financial Statements   | <input checked="" type="checkbox"/>  |  |             |
| The letter of Comments and Recommendations   | <input checked="" type="checkbox"/>  |  |             |
| Other (Describe)   | <input type="checkbox"/>             |  |             |
| Certified Public Accountant (Firm Name)<br>J L Stephan Co, PC  |                                      | Telephone Number<br>(231) 941-7600         |             |
| Street Address<br>862 E. Eighth St.  |                                      | City<br>Traverse City                      | State<br>MI |
| Zip<br>49686   |                                      |  |             |
| Authorizing CPA Signature<br> | Printed Name<br>Jerry L Stephan, CPA | License Number<br>1101010359               |             |



# **Platte Township**

*Benzie County, Michigan*

*Audited Financial Statements*

*For the Year Ended March 31, 2006*



## TABLE OF CONTENTS

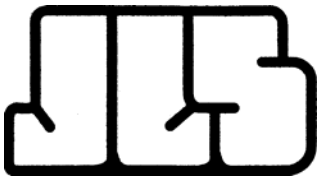
---

|   | <b><u>Page</u></b> |
|---|--------------------|
| <b>FINANCIAL SECTION</b>  |                    |
| <u>Independent Auditor's Report</u>   | 1                  |
| <u>Financial Statements</u>   |                    |
| <u>Exhibit</u>  |                    |
| A Government Wide Statement of Net Assets   | 2                  |
| B Government Wide Statement of Activities   | 3                  |
| C Governmental Funds Balance Sheet  | 4                  |
| D Reconciliation of the Balance Sheet to the<br>Statement of Net Assets   | 5                  |
| E Governmental Fund Statement of Revenue<br>Expenditures and Changes in Fund Balance  | 6                  |
| F Reconciliation of the Statement of Revenue, Expenditures,<br>And Changes in Fund Balances of Governmental<br>Funds to the Statement of Activities | 7                  |
| G Fiduciary Fund Statement of Net Assets  | 8                  |
| <u>Notes to Financial Statements</u>  | 9-13               |
| <b>REUIRED SUPPLEMENTAL INFORMATION</b>   |                    |
| <u>Schedule</u>   |                    |
| 1 Budgetary Comparison Schedule – General Fund  | 14-15              |
| <b>OTHER INFORMATION (UNAUDITED)</b>  |                    |
| <u>Comments and Recommendations</u>   | 16-17              |



FINANCIAL SECTION





# J L Stephan Co PC

Certified Public Accountants

Jerry L. Stephan, CPA

Marty K. Szasz-Busby, CPA  
David Skibowski, Jr., CPA  
Christopher H. Cornell, CPA

## INDEPENDENT AUDITOR'S REPORT

Platte Township Board  
5412 Indian Hill Road  
Honor, MI 49640

We have audited the accompanying financial statements of the governmental activities and each major fund of Platte Township as of and for the year ended March 31, 2006 as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with accounting standards generally accepted in the United States of America. These standards require that we plan and perform the audit to provide reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Township as of March 31, 2006 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of April 1, 2004. The accompanying statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of the basic financial statements.

The budgetary comparison information on page 15 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*J. L. Stephan Co. P.C.*

July 13, 2006



**Platte Township**  
*Government Wide*  
*Statement of Net Assets*  
*March 31, 2006*

*Exhibit A*

---

|  | <i>Governmental<br/>Activities</i> |
|--|------------------------------------|
| <b>Assets</b>                                    |                                    |
| Cash and Cash Equivalents                        | \$ 123,429                         |
| Taxes & Fees Receivable                          | 2,665                              |
| Due from State                                   | -                                  |
| Due from Other Funds                             | 2,403                              |
| Capital Assets - Net                             | <u>39,173</u>                      |
| <br><i>Total Assets</i>                          | <br><u>167,670</u>                 |
| <br><b>Liabilities</b>                           |                                    |
| Accounts Payable                                 | -                                  |
| Accrued and Other Liabilities                    | -                                  |
| Due to Other Funds                               | -                                  |
| Deferred Revenue                                 | <u>2,665</u>                       |
| <br><i>Total Liabilities</i>                     | <br><u>2,665</u>                   |
| <br><b>Net Assets</b>                            |                                    |
| Invested in Capital Assets - net of related debt | 39,173                             |
| Unrestricted                                     | <u>125,832</u>                     |
| <br><i>Total Net Assets</i>                      | <br><u><u>\$ 165,005</u></u>       |

*The Notes to Financial Statements are an integral part of this statement*



**Platte Township**  
Government Wide  
Statement of Activities  
For the Year Ended March 31, 2006

*Exhibit B*

| Functions/Programs                          | Expenses         | Program Revenues        |  |  | Net (Expense) Revenue<br>and Changes in Net Assets |                             |                   |
|---|------------------|-------------------------|--|--|--|-----------------------------|-------------------|
|   |                  | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                 |                             |                   |
|   |                  |                         |  |  | Governmental<br>Activities                         | Business-Type<br>Activities | Total             |
| <i>Primary Government</i>                   |                  |                         |  |  |  |                             |                   |
| General Government                          | \$ 32,972        | \$ 770                  | \$ -                                     | \$ -                                   | \$ (32,202)  |                             | \$ (32,202)       |
| Public Safety                               | 15,616           | -                       | -  | -                                      | (15,616)   |                             | (15,616)          |
| Public Works                                | 2,289            | -                       | 1,364                                    | -                                      | (925)  |                             | (925)             |
| Community and Economic Dev.                 | -                | -                       | -  | -                                      | -  |                             | -                 |
| Recreation and Culture                      | -                | -                       | -  | -                                      | -  |                             | -                 |
| Other Functions                             | 1,364            | -                       | -  | -                                      | (1,364)  |                             | (1,364)           |
| Interest on Long-Term Debt                  | -                | -                       | -  | -                                      | -  |                             | -                 |
| <i>Total Governmental Activities</i>        | <u>52,241</u>    | <u>770</u>              | <u>1,364</u>                             | <u>-</u>                               | <u>(50,107)</u>                                    |                             | <u>(50,107)</u>   |
| <i>Total Primary Government</i>             | <u>\$ 52,241</u> | <u>\$ 770</u>           | <u>\$ 1,364</u>                          | <u>\$ -</u>                            | <u>(50,107)</u>                                    | <u>-</u>                    | <u>(50,107)</u>   |
| <i>General Revenues</i>                     |                  |                         |  |  |  |                             |                   |
|   |                  |                         |  |  | 39,147   | -                           | 39,147            |
|   |                  |                         |  |  | 23,098   | -                           | 23,098            |
|   |                  |                         |  |  | 1,461  | -                           | 1,461             |
|   |                  |                         |  |  | 1,051  | -                           | 1,051             |
|   |                  |                         |  |  | 33   | -                           | 33                |
|   |                  |                         |  |  | -  | -                           | -                 |
|   |                  |                         |  |  | -  | -                           | -                 |
| <i>Total General Revenues and Transfers</i> |                  |                         |  |  | <u>64,790</u>                                      | <u>-</u>                    | <u>64,790</u>     |
| <i>Change in Net Assets</i>                 |                  |                         |  |  | <u>14,683</u>                                      | <u>-</u>                    | <u>14,683</u>     |
| Net Assets - Beginning                      |                  |                         |  |  | <u>150,322</u>                                     | <u>-</u>                    | <u>150,322</u>    |
|   |                  |                         |  |  | <u>\$ 165,005</u>                                  | <u>\$ -</u>                 | <u>\$ 165,005</u> |

The Notes to Financial Statements are an integral part of this statement



**Platte Township**  
*Governmental Funds*  
*Balance Sheet*  
*March 31, 2006*

*Exhibit C*

---

|                                | <i>General<br/>Fund</i>  | <i>Total</i>          |
|--------------------------------|--------------------------|-----------------------|
| <b>Assets</b>                  |                          |                       |
| Cash - Unrestricted            | \$ 123,429               | \$ 123,429            |
| Taxes & Fees Receivable        | 2,665                    | 2,665                 |
| Due from State                 | -                        | -                     |
| Due from Other Funds           | 2,403                    | 2,403                 |
| Special Assessments Receivable | -                        | -                     |
| <i>Total Assets</i>            | <u>128,497</u>           | <u>128,497</u>        |
| <b>Liabilities</b>             |                          |                       |
| Accrued Liabilities            | -                        | -                     |
| Deferred Revenue               | 2,665                    | 2,665                 |
| <i>Total Liabilities</i>       | <u>2,665</u>             | <u>2,665</u>          |
| <b>Fund Balances</b>           |                          |                       |
| Fund Balances - Unreserved     | <u>125,832</u>           | <u>125,832</u>        |
| <i>Total Fund Balances</i>     | <u><u>\$ 125,832</u></u> | <u><u>125,832</u></u> |

*The Notes to Financial Statements are an integral part of this statement*



**Platte Township**  
*Reconciliation of the Balance Sheet  
to the Statement of Net Assets  
March 31, 2006*

*Exhibit D*

---

|   |            |
|---|------------|
| Fund Balance - Total Governmental Funds (Exhibit C) | \$ 125,832 |
|---|------------|

*Amounts reported for governmental activities in the statement of net assets  
are different because:*

General Governmental Capital Assets of \$91,482 net of accumulated  
depreciation of (\$52,309) are not financial resources and not reported in  
in the funds.

39,173

*Net Assets of Governmental Activities*

\$ 165,005



**Platte Township**  
*Governmental Fund*  
*Statement of Revenue, Expenditures*  
*and Changes on Fund Balance*  
*For the Year Ended March 31, 2006*

*Exhibit E*

|  | <i>General<br/>Fund</i>  | <i>Total<br/>Governmental<br/>Funds</i> |
|--|--------------------------|---|
| <i>Revenues</i>  |                          |   |
| Taxes  | \$ 39,147                | \$ 39,147                               |
| State Grants   | 24,462                   | 24,462                                  |
| Charges for Services   | 720                      | 720                                     |
| Interest Earned  | 1,461                    | 1,461                                   |
| Rentals  | 50                       | 50                                      |
| Reimbursements   | 1,051                    | 1,051                                   |
| Miscellaneous Income   | 33                       | 33                                      |
| <i>Total Revenues</i>  | <u>66,924</u>            | <u>66,924</u>                           |
| <i>Expenditures</i>  |                          |   |
| General Government   | 35,571                   | 35,571                                  |
| Public Safety  | 15,616                   | 15,616                                  |
| Public Works   | 2,289                    | 2,289                                   |
| Other Functions  | 1,364                    | 1,364                                   |
| <i>Total Expenditures</i>  | <u>54,840</u>            | <u>54,840</u>                           |
| <i>Excess Revenues Over (Under) Expenditures</i>   | 12,084                   | 12,084                                  |
| <i>Other Financing Sources (Uses)</i>  |                          |   |
| Operating Transfers In   | -                        | -                                       |
| Operating Transfers (Out)  | -                        | -                                       |
| <i>Total Other Financing Sources (Uses)</i>  | <u>-</u>                 | <u>-</u>                                |
| <i>Excess of Revenues and Other Sources Over (Under)<br/>Expenditures and Other Uses</i> | 12,084                   | 12,084                                  |
| Fund Balance - Beginning   | <u>113,748</u>           | <u>113,748</u>                          |
| Fund Balance - Ending  | <u><u>\$ 125,832</u></u> | <u><u>\$ 125,832</u></u>                |

*The Notes to Financial Statements are an integral part of this statement*



## Platte Township

Exhibit F

*Reconciliation of the Statement of Revenue, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended March 31, 2006*

---

|   |           |
|---|-----------|
| Change in Fund Balance - Total Governmental Funds (Exhibit E) | \$ 12,084 |
|---|-----------|

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,045) exceeds depreciation (\$446) in the current period.

|       |
|-------|
| 2,599 |
|-------|

*Change in net assets of governmental activities (Exhibit B)*

|                  |
|------------------|
| <u>\$ 14,683</u> |
|------------------|



**Platte Township**  
*Fiduciary Fund*  
*Statement of Net Assets*  
*March 31, 2006*

*Exhibit G*

---

|                          |   |
|--------------------------|---|
|                          | <i>Tax<br/>Collection</i>               |
| <b>Assets</b>            |   |
| Cash                     | \$        2,403                         |
| Due From Other Funds     | <u>                  -</u>              |
| <i>Total Assets</i>      | <u><u>          \$        2,403</u></u> |
| <b>Liabilities</b>       |   |
| Due to General Fund      | \$        2,403                         |
| Due to Others            | <u>                  -</u>              |
| <i>Total Liabilities</i> | <u><u>          \$        2,403</u></u> |

*The Notes to Financial Statements are an integral part of this statement*



**Platte Township**  
*Notes to Financial Statements*  
March 31, 2006

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Platte Township have been prepared in accordance with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

Effective April 1, 2004, the Township adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in these statements include the following:

- Depreciation on capital assets of the Township.
- Financial statements using the accrual basis of accounting for all the Township's activities as adjusted for capital assets and depreciation.
- A change in fund financial statements to focus on major funds.

**A. Reporting Entity**

Platte Township is a common law township as defined by the laws of the State of Michigan. An elected Supervisor and Township Board govern the Township. The current state taxable value is \$12,370,660.

The criteria established by Statement 14 of the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements are based primarily on the concept of financial accountability. On this basis, accordingly, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

**B. Government –Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.



**Platte Township**  
*Notes to Financial Statements*  
March 31, 2006

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

*C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes are collected by the Township between December 1 and February 28. Any uncollected real property taxes which become delinquent March 1 are purchased (paid) by Benzie County within 90 days of the Township's year end. Property tax administration fee receivable is not normally received until one to two years later. Both of these items are reflected as deferred revenue on the balance sheet and statement of net assets.

The local unit reports the following major governmental fund:

*General Fund* - This Fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state distributions, and other intergovernmental revenues.

Additionally, the government reports the following fund types:

*Tax Collection Fund* - Trust and Agency Funds are used to account for assets held by the Township in a trustee or custodial capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.



**Platte Township**  
*Notes to Financial Statements*  
March 31, 2006

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

*D. Assets, Liabilities, and Net Assets or Equity*

*Bank Deposits and Investments* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

*Capital Assets* – capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Generally, capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Township officials reviewed its inventory during the current year and in some cases, original costs or purchase dates were estimated. Consequently, beginning balances may differ from prior years.

Depreciation has been provided on these fixed assets using the straight line method over there estimated useful lives.

- |                                  |             |
|----------------------------------|-------------|
| • Office Equipment               | 5 years     |
| • Furniture & Fixtures           | 5-7 years   |
| • Building and Land Improvements | 10-30 years |

*Fund Equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*A. Budgets*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund and department. The legal level of budgetary control adopted by the governing body is the department level.

Encumbrance accounting is not used and appropriations normally lapse at year-end.

*B. Budget Compliance*

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated.



**Platte Township**  
*Notes to Financial Statements*  
March 31, 2006

---

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued**

During the year ended March 31, 2006, the Township had expenditures in excess of amounts appropriated as follows:

|                             | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------|---------------|---------------|-----------------|
| General Fund: Township Hall | \$ 4,500      | \$ 7,052      | \$ (2,552)      |

**NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS**

This law authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements' bankers' acceptance of the United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Council has designated four banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments as outlined above.

The Local Governmental Unit's deposits and investment policy are in accordance with the statutory authority.

**B. Types of Deposits and Investments**

At year-end, the Local Unit's cash deposits and cash equivalents were reported in the basic financial statements in the following categories:

|                      | <u>Governmental<br/>Activities</u> | <u>Fiduciary<br/>Funds</u> | <u>Total Primary<br/>Government</u> |
|----------------------|------------------------------------|----------------------------|-------------------------------------|
| Cash and Equivalents | \$ 123,429                         | \$ 2,403                   | \$ 125,832                          |
| Restricted Assets    | <u>-</u>                           | <u>-</u>                   | <u>-</u>                            |
| Total Deposits       | <u>\$ 123,429</u>                  | <u>\$ 2,403</u>            | <u>\$ 125,832</u>                   |

The bank balance of the primary government's deposits is \$125,832, of which \$125,000 is covered by federal depository insurance.



**Platte Township**  
*Notes to Financial Statements*  
 March 31, 2006

---

**NOTE 4 - CHANGES IN GENERAL FIXED ASSETS**

Capital asset activity or the primary government for the current year is summarized as follows:

*Governmental Activities*

|  | <u><i>Beginning<br/>Balance</i></u> | <u><i>Additions</i></u> | <u><i>Deletions</i></u> | <u><i>Ending<br/>Balance</i></u> |
|--|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| <i>Capital Assets Not<br/>Being Depreciated</i>                                      |                                     |                         |                         |                                  |
| Land   | \$ 34,500                           | \$ -                    | \$ -                    | \$ 34,500                        |
| <i>Capital Assets Being<br/>Depreciated</i>  |                                     |                         |                         |                                  |
| Buildings & Improvements   | 49,479                              | 3,045                   | -                       | 52,794                           |
| Office Equipment   | 980                                 | -                       | -                       | 980                              |
| Furniture & Fixtures   | <u>3,208</u>                        | <u>-</u>                | <u>-</u>                | <u>3,208</u>                     |
|  | <u>53,937</u>                       | <u>3,045</u>            | <u>-</u>                | <u>56,982</u>                    |
| <i>Accumulated Depreciation</i>  |                                     |                         |                         |                                  |
| Buildings & Improvements   | (47,675)                            | (446)                   | -                       | (48,121)                         |
| Office Equipment   | (980)                               | -                       | -                       | (980)                            |
| Furniture & Fixtures   | <u>(3,208)</u>                      | <u>-</u>                | <u>-</u>                | <u>(3,208)</u>                   |
|  | <u>(51,863)</u>                     | <u>(446)</u>            | <u>-</u>                | <u>(52,309)</u>                  |
| <i>Net Capital Assets<br/>being Depreciated</i>                                      | <u>2,074</u>                        | <u>(446)</u>            | <u>-</u>                | <u>1,628</u>                     |
| <i>Total Capital Assets of<br/>Governmental Activities –<br/>Net of Depreciation</i> | <u>\$ 36,574</u>                    | <u>\$ 2,599</u>         | <u>\$ -</u>             | <u>\$ 39,173</u>                 |

Depreciation expense in the current year was charged to programs of the primary government as follows:

*Governmental Activities*

|                               |               |
|-------------------------------|---------------|
| General Government            | <u>\$ 446</u> |
| Total Governmental Activities | <u>\$ 446</u> |

**NOTE 5 – RISK MANAGEMENT**

The Township pays an annual premium to Michigan Municipal Underwriters for its general insurance coverage through the Michigan Township Participating Plan. The Township carries coverage for property damage, liability, crime, and wrongful acts. Also, it carries worker's compensation insurance with The Accident Fund of Michigan. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



REQUIRED SUPPLEMENTAL INFORMATION



**Platte Township**  
*Budgetary Comparison Schedule*  
*General Fund*  
*For the Year Ended March 31, 2006*

Schedule 1

|   | <i>Original<br/>Budget</i> | <i>Amended<br/>Budget</i> | <i>Actual</i> | <i>Favorable<br/>(Unfavorable)</i> |
|---|----------------------------|---------------------------|---------------|------------------------------------|
| Beginning Fund Balance                      | \$ 113,748                 | \$ 113,748                | \$ 113,748    | \$ -                               |
| <i>Resources (Inflows)</i>                  |                            |                           |               |                                    |
| Property Taxes                              | 12,000                     | 12,000                    | 11,607        | (393)                              |
| Fire Taxes                                  | 10,000                     | 10,000                    | 11,728        | 1,728                              |
| Swamp Tax                                   | 12,000                     | 12,000                    | 12,237        | 237                                |
| PILT  | 100                        | 100                       | 130           | 30                                 |
| Property Tax Admin. Fee                     | 2,000                      | 2,000                     | 2,584         | 584                                |
| SET Administration Fee                      | -                          | -                         | 861           | 861                                |
| State Shared Revenue                        | 18,000                     | 18,000                    | 23,098        | 5,098                              |
| State ROW                                   | -                          | -                         | 1,364         | 1,364                              |
| Cemetery                                    | 600                        | 600                       | 720           | 120                                |
| Interest Earned                             | 1,100                      | 1,100                     | 1,461         | 361                                |
| Rent  | 100                        | 100                       | 50            | (50)                               |
| Reimbursements                              | -                          | -                         | 21            | 21                                 |
| SET Reimbursement                           | -                          | -                         | 1,030         | 1,030                              |
| Miscellaneous Income                        | -                          | -                         | 33            | 33                                 |
| Transfers from Other Funds                  | -                          | -                         | -             | -                                  |
| <i>Total Available for Appropriation</i>    | 169,648                    | 169,648                   | 180,672       | 11,024                             |
| <i>Charges to Appropriations (Outflows)</i> |                            |                           |               |                                    |
| <i>General Government</i>                   |                            |                           |               |                                    |
| Township Board                              | 9,000                      | 9,000                     | 6,868         | 2,132                              |
| Supervisor                                  | 4,500                      | 4,500                     | 3,540         | 960                                |
| Clerk                                       | 5,500                      | 5,500                     | 4,722         | 778                                |
| Treasurer                                   | 6,000                      | 6,000                     | 5,257         | 743                                |
| Elections                                   | 1,500                      | 1,500                     | 1,340         | 160                                |
| Board of Review                             | 1,000                      | 1,000                     | 968           | 32                                 |
| Township Hall                               | 4,500                      | 4,500                     | 7,052         | (2,552)                            |
| Assessor                                    | 4,500                      | 4,500                     | 3,798         | 702                                |
| Cemetery                                    | 3,500                      | 3,500                     | 2,026         | 1,474                              |
| <i>Public Safety</i>                        |                            |                           |               |                                    |
| Fire  | 19,000                     | 19,000                    | 15,616        | 3,384                              |
| <i>Public Works</i>                         |                            |                           |               |                                    |
| Roads                                       | 3,000                      | 3,000                     | 2,289         | 711                                |

*Notes to Financial Statements are an integral part of this statement*



**Platte Township**  
*Budgetary Comparison Schedule*  
*General Fund*  
*For the Year Ended March 31, 2006*

Schedule 1

---

|  | <i>Original<br/>Budget</i> | <i>Amended<br/>Budget</i> | <i>Actual</i>     | <i>Favorable<br/>(Unfavorable)</i> |
|--|----------------------------|---------------------------|-------------------|------------------------------------|
| Other Expenditures                     |                            |                           |                   |                                    |
| Payroll Taxes                          | 1,500                      | 1,500                     | 1,191             |                                    |
| Contingencies/Miscellaneous            | 3,000                      | 3,000                     | 173               | 2,827                              |
| Transfers to Other Funds               | -                          | -                         | -                 | -                                  |
|  | <hr/>                      | <hr/>                     | <hr/>             | <hr/>                              |
| <i>Total Charges to Appropriations</i> | 66,500                     | 66,500                    | 54,840            | 11,660                             |
|  | <hr/>                      | <hr/>                     | <hr/>             | <hr/>                              |
| Budgetary Fund Balance                 | <u>\$ 103,148</u>          | <u>\$ 103,148</u>         | <u>\$ 125,832</u> | <u>\$ 22,684</u>                   |

*Notes to Financial Statements are an integral part of this statement*



OTHER INFORMATION (UNAUDITED)



## **Platte Township**

### *Comments and Recommendations*

---

In planning and performing our audit of the financial statements of Platte Township, for the year ended March 31, 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect Platte Township's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

#### Opening Comments

Your Clerk and Treasurer maintained the records of the Township in good condition. Recorded revenues were deposited timely and in tact. In a continuing effort to enhance internal control and improve the accounting system, financial reporting, and overall management, we offer the following comments and recommendations.

#### Tax Allocation

The Treasurer should allocate receipts of property taxes between current and delinquent property tax as well as administration fees and interest in order that the Clerk can properly post transactions. This is a similar comment from prior years

#### Tax Collection

The Michigan Department of Treasury requires the Treasurer to maintain a tax collection receipts journal of property tax collections. Currently, the Treasurer summarizes receipts and disbursements on a hand prepared spreadsheet. Although the spreadsheet is useful, additional time was required to fully analyze the transactions in the tax account using the spreadsheet and check register. Below is the Treasury website link for the State's Uniform Accounting Procedures Manual. We recommend reviewing it and implementing proper accounting procedures as described in the manual.

[http://www.michigan.gov/treasury/0,1607,7-121-1751\\_2194-5990--,00.html](http://www.michigan.gov/treasury/0,1607,7-121-1751_2194-5990--,00.html)

#### Budget

We noted the Township budgeted a deficit for the current fiscal year. Although the State allows for budgeted use of carryover fund balances, care should be taken to prepare a balanced budget in the future. Below is the Treasury website link for the State's Uniform Budgeting Manual. As a matter of course, we recommend reviewing it and maintain proper budgeting procedures as described in the manual.

[http://www.michigan.gov/documents/UniformBudgetManual\\_16634\\_7.pdf](http://www.michigan.gov/documents/UniformBudgetManual_16634_7.pdf)

#### Insurance Coverage

Based on our review of Township insurance policies, it appears that the Township Hall has coverage limited to \$99,700 for the building and \$3,230 for building contents. This coverage is further subject to an 80% coinsurance clause. We recommend the Board review its insurance policies with its insurance agent to ensure sufficient coverage.



## **Platte Township**

### *Comments and Recommendations*

---

#### Closing Comments

We will be happy to discuss any of these recommendations with you and assist you in their implementation. As a matter of course, we will furnish you with the necessary copies of this audit report for mailing to the State Treasury Department. We further appreciate the courtesy extended our field auditors in the conduct of this audit engagement. Should any questions arise on this audit report and the conduct of our audit, please call upon us.